

# College of Criminology and Criminal Justice Center for Criminology and Public Policy Research

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## Elder Financial Exploitation in a Large Retirement Community 2016

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## **Elder Financial Exploitation in a Large Retirement Community**

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## **Introduction**

There were 44.7 million Americans over 65 years of age in 2013, comprising 14.1% of the total United States Population (U.S. Department of Health and Human Services, 2016). By 2020, the number is expected to increase to 55 million (U.S. Census Bureau, 2014). According to former U.S. Attorney General Eric Holder, as many as eight million elderly citizens fall victim, in a given year, to financial exploitation (Holder, 2012). It is estimated that financial exploitation costs this group over thirty-six billion dollars annually (True Link Financial, 2016). Moreover, and beyond the billions of lost savings, elderly financial exploitation victims are at an increased risk for psychological and emotional damage and are three times more likely to die at an earlier age (National Adult Protective Services Association, 2014).

There is significant variation in the research methods, data, and definitions used in elder financial exploitation research, which alters findings on respective perpetrator characteristics and risk factors as these vary depending on the specific type of financial exploitation. Further, the inconsistencies in the available research do not allow for a reliable assessment of the scope and risk factors of elder financial exploitation. As a result, important questions remain, namely: What are the prevalence and common types of elder financial exploitation? What are the risk factors of elder financial exploitation? What factors protect against victimization? What are the consequences of financial exploitation on the quality of life, physical health, and emotional health of victims? What factors influence the reporting behavior of victims? What steps can be taken by elder citizens, caregivers, family members, financial advisors, and government officials to reduce elder financial exploitation? How do we theoretically explain elder financial exploitation?

Regarding the theoretical explanation, research on elder financial exploitation has been largely devoid of an overarching theoretical framework. Three theories have been applied to prior research, however, they are unable to provide compelling explanations for why some people experience victimization while others do not and why some people are victimized multiple times. Additionally, prior research has found that risk factors vary greatly based upon the type of financial exploitation and who the perpetrator is, however, existing theories of elder financial exploitation are unable to explain this. We believe that an overarching theory that takes into account the unique transitions and turning points in the lives of elder citizens will provide a more complete explanation of the varying and complex patterns of elder financial exploitation. Thus, we have guided and informed our case study of elder financial exploitation using a life course perspective with the inclusion of and reliance upon turning points.

The current study employs a mixed-method approach to understanding the incidence, circumstances, consequences, risk factors, protective factors, and reporting of elder financial exploitation in a large Florida retirement community. We analyzed incident data, compared local and national trends, hosted focus groups, and conducted in-depth individual interviews with residents of the largest active retirement community in the United States.

In addition to the application of a life course and turning points approach to explaining elder financial exploitation, another unique aspect of our study is the use of qualitative data. Much of the existing research provides cursory conclusions based upon summary statistics that have resulted in a fragmented and limited understanding of the circumstances of elder financial exploitation and the associated risk and protective factors. The findings from the qualitative portion of our case study provide more nuanced detail into the lives of victims prior to, during,

and after victimization. Further, we obtained specific details on why some people have never been victimized and why others have been victimized multiple times.

## **Literature Review**

There is little consensus in the prior literature about the most common types of elder financial exploitation and, as a result, the associated risk and protective factors. As will be presented, the existing literature is fragmented and largely inconclusive. Incident rates, risk factors, protective factors, and reporting behaviors vary significantly depending on the definition of elder financial exploitation used by the researchers and which types are being studied. In a nationally representative sample of 5,777 adults over the age of 60, Acierno and colleagues (2009) found that the most common type of financial exploitation against the elderly was “taking money without permission” and forged signatures. However, the only other types of financial exploitation included in their study were “had money been stolen”, “did not make good decisions”, and “forced to sign”. Similarly, in an NIH-funded study of 2,000 elderly residents in Arizona and Florida it was found that the most common types of financial exploitation were taking money without permission, taking and/or selling property without permission, and forged signatures (Holtfreter et al., 2014). An Australian study of financial exploitation found that among 1,300 elderly over 65 years old, the most common types of exploitation include those perpetrated by telemarketers and through sales (Muscat et al., 2002). The inconsistency in determining the most common types of elder financial exploitation across the aforementioned large-scale surveys are likely due to how the surveys defined financial exploitation. Some studies use a narrow definition because they are only interested in studying a specific type of financial exploitation. While other studies employ a more broad definition, such as the inappropriate taking or use of money, which could be the result of financial exploitation related to investments, consumer fraud, or family member perpetrated exploitation. A third group of studies combines



elder financial exploitation with physical abuse which makes it difficult to determine which form exploitation came first and if they are related to one another.

To clarify and better categorize the varieties of elder financial exploitation, the following three categories are commonly used: acts committed by primary contacts, secondary contacts, and strangers (Payne, 2005) (see Table 1). A primary contact includes anyone with whom the elderly individual has a close relationship (e.g., children, relatives, caregivers) (Payne, 2005). A secondary contact is someone with whom the elderly individual has little contact (e.g., contractors, home repair technicians, banking representatives) (Payne, 2005). Strangers are those whom the elderly individual does not know and often has no face-to-face contact. Research has suggested that most perpetrators of financial exploitation of the elderly are related to the victim (Hafemeister, 2003; Jackson and Hafemeister, 2011; Stiegel, 2002). The National Elder Abuse Incidence Study (1996) found that 60 % of perpetrators were the adult children of the victims (Stiegel, 2002). Whereas other studies found that strangers perpetrate a significant amount of exploitation against the elderly and only 34% of all instances are perpetrated by family members (MetLife Market Institute, 2011). This categorization highlights that the common perpetrators of elder financial exploitation vary based upon the type.

**Table 1: Financial Exploitation Types by Victim-Offender Relationship**

<b>Primary Contacts</b>	<b>Secondary Contacts</b>	<b>Strangers</b>
Abuse of Power of Attorney	Investment	Phishing
Identity Theft	Identity Theft	Identity Theft
Improper/Illegal Management of Funds, etc.	Financial Assistance	Fraudulent Internet Sales
Disappearance of Funds	Insurance	Lottery/Sweepstakes
Forced Signatures	Billing	
Forced Financial Changes	Home-repair	
Forgery	Telemarketing	
Fictitious Relative	Sales	
Extortion		

Several studies have reported that primary contacts or individuals with whom the elderly victim has a close relationship, particularly their children and caregivers, commit more acts of financial exploitation (Hafemeister, 2003; Tatara, Blumerman Kuzmeskus, Buckhorn, and Bivens, 1998). Exploitation committed by primary contacts takes many forms (Biggs et al., 2009; Blunt, 1996; Hafemeister, 2003; Metlife Mature Market Institute, 2009; Payne, 2005). However, in most instances of financial exploitation committed by primary contacts, the victim has granted the offender the authority to manage some or all of their funds because they are no longer able to do so. The offender then mismanages or takes the money for their own personal use.

The most commonly cited type of exploitation committed by secondary contacts involves investments (AARP, 2003; Holtfreter, et al., 2008; Metlife Mature Market Institute, 2009; Muscat, Graycar, and James, 2002; National Adult Protective Services Association, 2014; Pak and Shadel, 2011; Rother, 1983). The United States government specifies that exploitation related to investments includes advance fee fraud, affinity fraud, high yield investment programs, microcap fraud, Ponzi schemes, Pre-IPO investment scams, pyramid schemes, “prime bank” investments, promissory notes, and pump and dump schemes (United States Securities and Exchange Commission, 2015). Another common type of exploitation by secondary contacts is related to home-repairs. This category involves any type of misleading or fraudulent home-repairs, contractor exploitation, appliance/TV repair exploitation, overcharging for repairs, and unnecessary repairs (Holtfreter et al., 2008; Muscat, et al., 2002; National Adult Protective Services Association, 2014; Rother, 1983; Van Wyk and Mason, 2001). In instances of exploitation perpetrated by secondary contacts, the victim and offender have some form of communication with one another prior to the incident occurring.

Identity theft, phishing (obtaining personal information from an individual through deceit), fraudulent Internet sales, lottery/sweepstakes, among others, are common types of exploitation perpetrated by strangers. There is typically no direct communication or contact between the victim and offender during incidents of stranger-based exploitation. A large and growing proportion of stranger-based exploitation are perpetrated through the use of technology.

To date, few studies have examined the motivations and characteristics of the perpetrators of elder financial exploitation (Hafemeister, 2003). Research suggests that most perpetrators of financial exploitation of the elderly are males (Hafemeister, 2003; MetLife Mature Market Institute, 2011). A study from the National Center of Elder Abuse (1998) found that roughly 60 % of perpetrators are males between 30 and 60 years of age (MetLife, 2011; National Elder Abuse Incidence Study, 1996 as cited by Stiegel, 2002). In addition, Jackson and Hafemeister (2011) found that perpetrators were more likely to be chronically unemployed, mentally ill, abuse substances, and be financially dependent upon the victim (see also Hafemeister, 2003).

### **Risk and Protective Factors**

To date, the research on elder financial exploitation has mostly relied on small samples of the elderly and has failed to employ rigorous statistical analysis. As a result, we know little about the risk factors associated with elder financial exploitation. This section highlights six categories of risk factors, including age-specific factors, social bonds, financial factors, routine activities, personality traits, and demographics, and the type of financial exploitation each risk factor makes the elderly more susceptible to; a summary can be found in Table 2.

**Table 2: Risk and Protective Factors**

<b>Risk Factor</b>	<b>Type of Financial Exploitation</b>
<b>AGE-SPECIFIC FACTORS</b>	
Cognitive impairment	Improper or illegal management of funds; Abuse of power of attorney.
Ailing health	Improper or illegal management of funds; Disappearance of funds; Forced signatures; Forgery
Mental health problems	Improper or illegal management of funds
<b>SOCIAL BONDS</b>	
Divorced	Abuse of power of attorney; Improper or illegal management of funds
Married	Investment
Unmarried	Lottery; Improper or illegal management of funds
Social isolation	Telemarketer
Living alone	Improper or illegal management of funds; Abuse of power of attorney
Few social supports	Improper or illegal management of funds; Forgery; Forced signatures
Employed	Forged signatures; Disappearance of funds
Unemployed	Improper or illegal management of funds; Forgery; Forced signatures.
Retired	Shopping
<b>FINANCIAL FACTORS</b>	
Lower income	Investment; Sales
High-level of debt	Billing; Financial assistance; Investment
Potential change in income	Financial assistance; Billing; Telemarketer
Not managing own assets	Improper or illegal management of funds
Homeowner	Improper or illegal management of funds; Home repair
<b>ROUTINE ACTIVITIES</b>	
Active social life	Telemarketing; Sales
Internet shopping	Fraud targeting
<b>PERSONALITY TRAITS</b>	
Self-control	Shopping; Identity fraud
Trusting personality	Telemarketing
<b>DEMOGRAPHICS</b>	
Male	Investment; Identity theft
Female	Lottery; Shopping

Between 60-70 years old	Telemarketer; Shopping
Over 74 years old	Lottery
Minority	Billing; Financial assistance; Investment; Telemarketer
More educated	Billing; Financial assistance; Investment

### Age-Specific Factors

Prior research has demonstrated that cognitive ability is related to independence, sound decision-making and elder financial exploitation (Arvanis, 2005; Blunt, 1996; Choi, Kulick, and Mayer, 1999; Hall, Hall, and Chapman, 2005; Metlife Mature Market Institute, 2009; Rabiner et al, 2005). As individuals age, their cognitive functions tend to decline, resulting in more difficulty in making sound decisions, which may increase their risk for experiencing financial exploitation.

Another concern among the aging population is declining health. The literature suggests that physical problems (AARP, 2003; Choi et al., 2000; Hafemeister, 2003; Hall et al., 2005), decreasing or poor health (Acierno et al., 2009; Biggs et al., 2009), and needing assistance with daily activities (Acierno et al., 2009) are all risk factors for financial exploitation. Specifically, Choi et al. (2000) found that physical impairments were related to improper or illegal management of funds, assets, or property, while Acierno et al. (2009) found that both needing activities of daily living (ADL) assistance and poor health were related to composite measures of financial exploitation, which includes taking and spending money without permission (disappearance of funds), forging signatures (forgery), and forced signatures.

Mental health may also be predictive financial exploitation among the elderly (Choi et al., 2000; Hafemeister, 2003; Hall et al., 2005, Stiegel, 2002). Specifically, depression, brain damage, and mental pathologies may increase one's likelihood of financial exploitation. For

example, Choi et al. (2000) found that depression made the elderly more susceptible to improper or illegal management of funds, assets, or property. Alcohol and substance abuse may also increase the elderly's risk of financial exploitation (Choi et al., 2000; Stiegal, 2002).

### Social Bonds

As social bonds change later in the life-course, individuals may be more susceptible to victimization. Many older adults experience changes in their social bonds, including divorce, death of a spouse, retirement, moving, etc. Research suggests that both divorce and death of a spouse are risk factors for financial exploitation (AARP, 2003; Alves and Wilson, 2008; Anderson, 2007, 2013; Hafemeister, 2003; Rabiner et al., 2005). However, AARP (2011) found being married made those over 50 years old more likely to be victims of exploitation related to investments, while being unmarried increased an individual's likelihood of exploitation because of lottery scams. Further, Holtfreter and colleagues (2014) found being unmarried increases your likelihood of experiencing the improper or illegal management of funds, assets, or property and forgery.

Social isolation and living alone are also risk factors for financial exploitation among the elderly. Rother (1983) found isolation was related to social exploitations, such as phony charity scams. In addition, other literature reviews suggest that isolation is a risk factor for general measures of financial exploitation (Arvanis, 2005; Rabiner et al., 2005; Stiegel, 2002). Those with low social supports may be at increased risk of exploitation by telemarketers (AARP, 1996); improper or illegal management of funds, assets, or property (Choi et al., 1999; 2000); and for theft, forgery, and forced signatures (Acierno et al., 2009). In addition, strained relationships with children might also put older citizens at risk for financial exploitation (Hall et al., 2005).

Employment status also likely impacts the elderly citizen's risk for financial exploitation. However, employment is a complex risk factor. For example, Holtfreter and colleagues (2014) found that being employed put individuals at greater risk for financial mistreatment (improper or illegal management of funds, assets, or property and forgery), but that retirement put the elderly at greater risk for financial exploitation from shopping. In contrast to the findings by Holtfreter and colleagues' (2014), Acierno and associates (2009) reports unemployment, not employment, puts individuals at a slightly greater risk for financial exploitation by family. However, similar to Holtfreter and colleagues (2014), Acierno et al. (2009) found that employed individuals are at greater risk for financial exploitation by strangers.

### Financial Factors

In addition to employment, other financial-related variables may impact the likelihood of elder financial exploitation. However, like employment, the risk factors vary by type of exploitation. For example, Hall et al. (2005) reports middle-to-upper income individuals are at greater risk, while Rother (1983) finds that lower income individuals are at greater risk for exploitation related to investments, and Anderson (2007) reports that lower income individuals are at greater risk for consumer exploitation through sales. Further, research suggests that the elderly who are not in charge of managing their own assets are more likely to be victims (Choi et al., 2000; Rother, 1983).

Level of debt and expected income may also influence the likelihood of victimization. In a sample of the general public, Anderson (2013) found that individuals with higher levels of debt were three times more likely to fall victim to exploitation compared with those with no debt. However, it is important to highlight that the association between debt and exploitation may be mediated or caused by a risk-taking personality (Anderson, 2013). For example, the same risk-

taking behavior that puts someone in debt also may make them more susceptible to financial exploitation and get-rich-quick schemes.

### Routine Activities

An individual's routine activities may influence their risk of victimization. Prior studies have included both daily activities outside of the house and Internet shopping behavior as measures of routine activities. First, Muscat and colleagues (2002) found elderly who left their home at least once a week were more likely to be victims of financial exploitation than those who stayed at home. However, it is not clear from this study which type of financial exploitation the elderly are more susceptible to due to their routine activities. Second, several studies have examined whether Internet shopping increases the elderly's likelihood of financial exploitation (AARP, 1999; AARP, 2011; Holtfreter et al., 2008). These studies report that Internet shopping may be related to financial exploitation, however these studies did not include specific measures of financial exploitation (AARP, 1999; Holtfreter et al., 2008).

### Personality Traits and Demographics

Research has found that both risk-taking and level of self-control may be related to elder financial exploitation (AARP, 1999; AARP, 2003; Anderson, 2013; Holtfreter et al., 2008; Holtfreter et al., 2014). Levels of self-control among the general population do not significantly predict financial exploitation (Anderson, 2013), however, self-control is highly related to measures of exploitation from shopping and identity theft among the elderly (Holtfreter et al., 2014). Further, research suggests that a second personality trait, being generally trusting of others, is a risk factor for exploitation through telemarketing tactics (AARP, 2003).

Demographic and background characteristics, including gender, race/ethnicity, age, and education level may be more predictive of financial exploitation than personality traits. Two



AARP studies (2003; 2011) found that among the individuals over 50 years old, men are more likely to be the victims of exploitation related to investments, while women are more likely to be the victim of exploitation as a result of lottery scams. Similarly, Holtfreter et al. (2014) found that men are more likely to be victims of identity theft, while women are more likely to victims of exploitation through shopping scams. One explanation for these findings may be that the elderly engage in gendered routine activities that put men and women at risk for different types of financial exploitation.

Type of exploitation also varies by age. However, as with gender, this may be influenced by age-specific routine activities. To illustrate, research suggests that those over 74 years old were more susceptible to exploitation as a result of lottery scams (AARP, 2003), while individuals between 60-70 years old are most at risk for exploitation from telemarketers (Alves et al., 2008) and sales (Carcach, Graycar, Muscat, 2001).

While the type of exploitation may be sex and age-specific, there is a greater consensus for race/ethnicity, finding that minorities are at greater risk for victimization. For example, Anderson (2004, 2007, 2013) found that minorities are at a greater risk for billing fraud, financial assistance fraud, and exploitation as a result of investments. Similarly, Holtfreter and colleagues (2008) found that African Americans were more likely to fall victim to exploitation through home repairs, investments, and telemarketing scams, while Holtfreter and colleagues (2014) found that minorities were at greater risk for all types of exploitation, but specifically for charity scams.

There is also a consensus on education level and financial exploitation risk. Research suggests that individuals that are more educated are more likely to fall victim to exploitation

from telemarketing tactics (AARP, 1996) and to be targeted for fraudulent activities in general (AARP, 1999; Van Wyk and Mason, 2001).

Many of the articles, studies, and reports identified in this literature review do not provide empirical cause-effect tests of risk factors; rather they provide descriptive accounts compiled with summary statistics only. Correlates of a problem do not necessarily indicate causation, thus, conclusions drawn from the existing literature may be misleading. Additionally, the studies employ different definitions and measurements of elder financial exploitation and are not guided by theoretical framework(s). Therefore, it is unknown whether certain behaviors are risk factors, protective factors, predictors, or correlates of elder financial exploitation. Consequently, relying on prior research cannot make conclusive generalizations regarding the causes, prevalence, and effective methods of preventing elder financial exploitation.

### **Reporting Behavior**

In 2012, U.S. Secretary of Health and Human Services Kathleen Sebelius reported that for every one reported case of elder abuse or financial exploitation there may be as many as 24 unreported cases (DHHS, 2012). There are many reasons why elder financial exploitation is underreported. First, perpetrators of elder abuse may be a relative of the victim or someone upon whom the elderly is dependent (Jones, 1996; O'Neill & Flanagan, 1998 as cited by Payne, 2005). As a result, the elderly victim may not report their victimization for fear of retaliation. Retaliation may come in the form of losing their caretaker, losing their independent living situation, or fear that their loved ones may be prosecuted (FBI, 2015; Robinson, Saisan, and Segal, 2015). Similarly, the elderly may be ashamed or unwilling to discuss being scammed for fear of stigmatization and/or embarrassment (Deevy and Beals, 2013; FBI, 2015).

Second, the elderly may fail to report financial exploitation because they are unaware they have been scammed or that the scam is a criminal offense (Deevy and Beals, 2013; FBI, 2015). In addition, they may not report the financial exploitation because they do not know where to report the victimization (Robinson et al., 2015).

Similarly, many seniors may not report victimizations because they distrust law enforcement's ability to curtail victimization (Reisig, 2007). In addition, incident- and individual-level factors may influence whether the elderly citizen chooses to report their victimization. Specifically, females, those with higher levels of education, and those who lost a large sum of money may be more likely to report victimizations than men, less educated, and those who lost a smaller amount of money (AARP, 1999; Deevy and Beals, 2013).

### **Theoretical Perspectives**

Jackson and Hafemeister (2013) noted that most research on elder exploitation has largely been devoid of any theoretical framework. However, the authors contend that it may be helpful to employ existing criminological theories to explain the prevalence and risk factors associated with elderly exploitation, while simultaneously cautioning that based on the extant literature on elder financial abuse, the causes and characteristics of victims and offenders do not fit squarely within a particular theory. Several theories that have been used to explain the prevalence and likelihood of financial exploitation among the elderly including theories of cognition, the general theory of crime, and routine activities theory.

#### Theories of Cognition

Cognitive ability in adulthood is a strong predictor of the ability to maintain independence (Bharucha, Panday, Shen, Dodge, and Ganguli, 2004), use technology (Czaja, Charness, Fisk, Hertzog, Rogers, and Sharit, 2006), and perform instrumental daily activities (Allaire and

Marsiske, 1999; Boot, Stothart and Charness, 2013). Declines in cognition may be associated with an increased risk of elder abuse and neglect (MetLife Mature Market Institute, 2009) and an increased likelihood of financial exploitation (Kemp and Mosqueda, 2005).

### General Theory of Crime

Age and declining cognition may also be related to temporal discounting, or risk-taking behavior (Grieskevicius, Tybur, Delton, and Robertson, 2011). According to Gottfredson and Hirschi's (1990) general theory of crime, impulsive and risk-taking individuals, often have low levels of self-control, and thus, are more likely to engage in crime and other risky behaviors (Holtfreter, Reisig, and Pratt, 2008). A recent meta-analysis of 66 studies indicated that low self-control might also make individuals more vulnerable to victimization (Pratt, Turanovic, Fox, and Wright, 2014). Individuals with low self-control may increase their risk of financial exploitation in two ways. First, individuals with low self-control may place themselves in situations prone to financial exploitation without first considering the environment or potential negative consequences of their actions (Holtfreter et al., 2008). Second, low self-control may limit an individual's ability to successfully plan for their financial future. For example, Moffitt and colleagues (2011) found "financial planfulness" (e.g. establishing and maintaining investment funds, retirement plans, and home ownership) to be related to higher levels of self-control among adults.

### Routine Activities Theory

Victimization opportunity is the basis of Cohen and Felson's (1979) routine activities theory. Routine activities theory has been used to explain crimes against the elderly, in general, and elderly financial exploitation, specifically (Harris, 1999 as cited by Payne, 2005; Holtfreter, Reisig, and Pratt, 2008; Holtfreter et al., 2014 AARP, 1999). According to the theory,

individuals are at an increased risk of victimization if they are perceived to be a suitable target, place themselves in situations with motivated offenders, and no capable guardians are available.

The elderly are perceived to be attractive targets to offenders for a number of reasons. Persons over the age of 50 control over 70% of the nation's wealth and tend to have predictable financial transactions and patterns (e.g. receive monthly checks). Elders with diminished cognitive ability, severe illnesses, or physical impairments are less likely to realize that they have been defrauded, may be dependent upon their abuser, and are less likely to take action against their abusers (National Committee for the Prevention of Elder Abuse, 2008). In addition, elderly individuals are more likely to live alone or in the care of strangers. These routine or common living situations can simultaneously provide motivated offenders and few capable guardians (Payne, 2005).

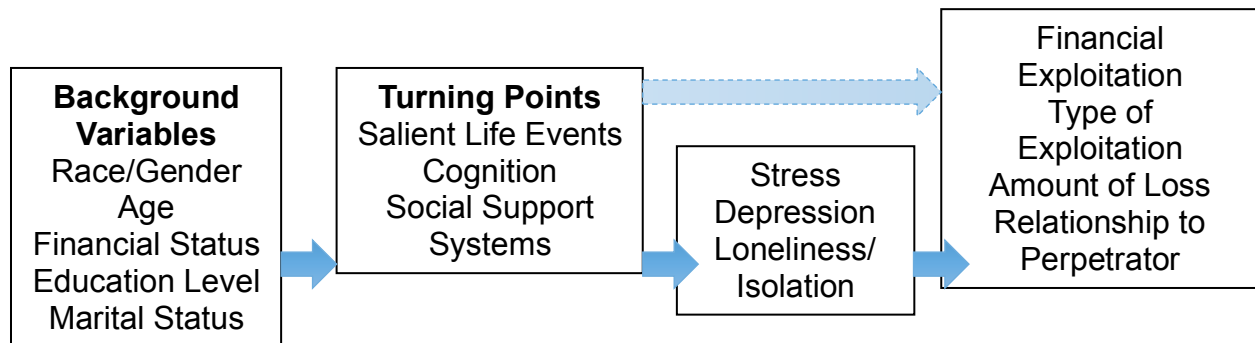
## **Theoretical Framework**

The three theories that have been applied to the study of elder financial exploitation do not necessarily provide a compelling explanation for why some people experience financial exploitation, why others do not, and why some senior citizens experience multiple victimizations. Further, the theories are not equipped to explain why people are more vulnerable to different types of financial exploitation in their elder years. We believe that the life course perspective provides a more complete and compelling framework for explaining elder financial exploitation. According to the life-course perspective, ongoing pathways of development or “trajectories”, combine with, interact, and can be interrupted by discrete life events, or “turning points”, to influence overall well being (Wheaton and Gotlib, 1997). That is, transitions and dynamic processes may influence an individual’s victimization risk. Traditional criminological life-course scholarship commonly reports that marriage, military experiences, and employment all provide turning points away from crime (King et al., 2007; Laub et al., 1998; Laub and Sampson, 2003; Piquero et al., 2002; Sampson and Laub, 1993; Warr, 1998). In sum, the life-course perspective captures various life events, circumstances, and changes to explain trajectories of delinquent and criminal careers in young adulthood.

When applied generally, life course theory has been used as a framework for understanding how chronological age, relationships, life transitions and social change affect an individual’s behavior (Hutchinson, 2005). Just as marriage, attending college, military service, employment, and parenthood mark some of the major life events that influence pathways through life, significant events in elder years, such as retirement, home relocations, major medical/health events, declines in cognition, the death of a spouse, or the loss of independence may result in marked transitions or turning points during one’s elder years. During ones elder years,

individuals are likely to experience transitions and turning points that are opposite of the protective transitions and turning points experienced earlier in adulthood. A life-course perspective, combined with age-graded turning points, offers promise in explaining the risk and protective factors for elder financial exploitation (see Figure 1).

**Figure 1: Life Course Theoretical Model**



The following research questions, informed by the life course perspective, were addressed in our case study of elder financial exploitation in the retirement community: 1). What are the most common types of financial exploitation perpetrated against the elderly? 2). What role do salient life events, such as retirement, death of a spouse, and declining health have on one's risk for elder financial exploitation? 3). What are the protective factors against elder financial exploitation? 4). What factors influence whether or not victims report their victimization? 5). What are the consequences of elder financial exploitation on the quality of life, physical health, and emotional health of victims?

## **Research Methods**

To move beyond much of the speculation concerning elder financial exploitation, we conducted an in-depth case study in a large central Florida retirement community from February 2015 through June 2016. The study included the collection and analysis of quantitative and qualitative data from a variety of sources. The retirement community occupies parts of three counties in central Florida between Ocala and Orlando and is the largest active retirement community in the United States. According to U.S. Census estimates, the population of the retirement community passed 100,000 residents in 2013 and it continues to grow at a steady pace. The median age is 66 and 98% of the residents are white. Income and housing costs vary widely. To maintain its status as an official retirement community, at least 80% of the homes must be occupied with at least one person over the age of 54. Youth under the age of 19 are not permitted to live in the community. The community is designed for elder, but active living with numerous town squares, sports and recreation centers, and restaurants.

The study's design used a mixed methods approach that included: 1) an extensive review of the literature, 2) the collection of national survey data on elder financial exploitation and identify theft, 3) open town hall meetings conducted, 4) the collection of secondary incident data from Seniors vs Crime (SvC) and the local sheriff's department, 5) focus groups with SvC volunteers and residents, and 6) individual interviews with residents. The quantitative data came from SvC, the Sumter County Sheriff's Department, the National Institute of Justice (NIJ), and the National White Collar-Crime Center (NW3C). The qualitative data was collected through focus groups with SvC sleuths and residents. Further, we conducted individual interviews with 35 residents to gain a greater understanding of elder financial exploitation experiences, consequences, risk factors, and protective factors that may reduce the risk of victimization.



The review of literature served several purposes. First, it was used to review the prevalence of elder exploitation, identify the various definitions and measures used by the prior studies, and develop a preliminary typology of elder exploitation that considers the type of exploitation, perpetrator characteristics, and the risk factors associated with the victims. Second, the literature review identified criminological theories that have been used to explain elder abuse and exploitation. Finally, the review of prior studies was used to inform the development of the focus group and interview questions.

Data from the National Public Survey on White Collar Crime (NPSWCC) for 2010 was provided by NW3C. The analysis of the data was limited to those 55 and over to serve as a comparison and to examine whether the findings in the retirement community were similar to those that were observed across the nation. Specifically, the analysis was intended to identify the most common forms of exploitation and assess whether the prevalence and types of elder financial exploitation in the retirement community were similar to those seen nationally. Other national victimization data came from 2012 National Crime Victimization Survey- Identity Theft Supplement (NCVS-ITS), which was collected by NIJ. The NIJ analysis was exploratory and focused on the circumstances surrounding financial exploitation including physical and mental health problems suffered as a result of victimization. This national data was used to compare results with the case study findings.

SvC provided local data on the cases that were reported to their organization by residents from 2003-15. We worked closely with SvC representatives to better understand their data system and gain greater insight into the data. Members of the research team cleaned the data and the analysis included the identification of the most common forms of financial exploitation, the amount of money lost and recovered, and characteristics of the perpetrators. We also collected

local data from the Sumter County Sheriff's Department to complement the SvC data. These two sources were combined to provide a more complete picture of elder exploitation in the retirement community as incidents that are criminal are handled by the Sheriff Department. This data provided insight into the extent of exploitation within the retirement community and helped to inform the focus groups and interviews.

Focus groups and interview participants were recruited through newspaper advertisements, information about the study left at the SvC offices for victims, and through Town Hall meetings. Two Town Hall presentations were given in November 2015 at two local locations on consecutive days. The presentations included a description of the study, an introduction of the research team, a summary of prior research, and an analysis of SvC case data. These presentations also included a discussion of Merrill Lynch's involvement in the project by a Merrill Lynch representative. Attendees were asked to answer a 10 question survey, and provide contact information if they wished to participate in later focus groups or interviews. The meetings lasted approximately two hours. In order to assist the hearing impaired, a sign language translator was used during one of the Town Hall meetings.

Following the Town Hall meetings, in February 2016, resident focus groups were conducted. The focus groups centered on six topics: financial exploitation incidents, financial exploitation methods and perpetrators, risk and protective factors, the role of financial planners/advisors, reporting behavior, and policy issues related to financial exploitation against the elderly. In total, four focus groups were held across two days in two locations. The Town Hall meetings were recorded and later transcribed. The purpose of these focus groups was to better understand the issues related to financial exploitation experienced by residents of the retirement community.

Individual interviews were conducted either in-person at the local SvC office or the local public library. Where in-person interviews were not possible, interviews were conducted by telephone. The town hall meetings, focus groups, findings from SvC and Sumter County Sheriffs Department data, and NPSWCC and NCVS-ITS data, informed interview questions. Four members of the research team attended the first two interviews in order to identify the most successful strategies for the interviews. Following this, two members of the research team, one interviewer and one note-taker, attended each interview. Each interview was recorded and later transcribed. Researchers identified themes across the interviews in order to draw inferences about the relationships between various risk factors, protective factors and elder financial exploitation.

## **Findings**

The findings from our in-depth, mixed method case study will be presented and discussed in the sections that follow. First, data from SvC and the local county sheriff will be presented. Second, conclusions from the two national datasets we analyzed will be described. Third, descriptive information about residents who attended town hall meetings will be provided. The fourth and fifth sections will present findings from five focus groups and 35 individual interviews with residents of the retirement community. The final section will present a general typology of elder financial exploitation in the retirement community that was created by synthesizing all of the data that was gathered in this project. The typology identifies the common types of exploitation, their methods of perpetration, and the associated life course turning points.

## **Seniors vs. Crime and Sheriff Data**

Two county sheriff departments have jurisdiction over the retirement community. Several offices in each of the substations are reserved for SvC. SvC is primarily a volunteer-based program sponsored by the Florida Office of the Attorney General that investigates and seeks to resolve exploitation complaints filed by senior citizens throughout Florida. When residents call or walk-in to a sheriff substation to report an incident of financial exploitation, they are routed by the desk agent to either a sheriff deputy or SvC based on the nature of the complaint. The vast majority of the complaints are handled by SvC.

The first SvC office opened in 2001 in Delray Beach. Today there are over forty offices statewide run by nearly 2,000 senior citizens volunteers (called sleuths). The SvC offices that serve this retirement community receive the highest number of complaints each year. It is unclear why the offices in the retirement community receive so many more cases than others across the state. However, SvC staff believe it is because of the high concentration of residents in the retirement community and because of the active outreach initiatives conducted by SvC in the area that make them highly visible. For example, SvC volunteers attend monthly homeowner and property owner's association meetings and publish stories in various local newspapers. Since 2002, SvC has recorded each complaint received into a statewide database. Due to changes in data collection, only complaints received between 2010 and 2014 are analyzed in our case study. Using descriptive and bivariate statistics, we examined trends in reported exploitation cases.

## **Seniors vs. Crime Data and Findings**

Descriptive statistics reveal that SvC office in the retirement community had an increase in the number of exploitation complaints made each year. The number of complaint cases this

office received increased from around 300 in 2004 to nearly 1,000 in 2014. Between 2010 and 2014, the local SvC office received a total of 3,734 cases. Thirty percent of these cases were resolved with a financial return to the victim and 12% were transferred to law enforcement. Further, most cases were reported to SvC in the fall (27.5% of cases) and spring (27%) months. The residency in the retirement community declines considerably in the summer months, therefore fewer people are at risk for victimization. Most victims are male and the average age of complainants is 72 years old.

Prior studies indicate the most common perpetrator of financial exploitation against the elderly is a family member and that these family member perpetrators most frequently commit improper or illegal management of funds and forgery. However, this finding is a result of how prior studies have defined and measured elder financial exploitation. SvC data reveals that nearly three-fourths of complaints in the retirement community are against contractors (29%) and landscapers (20%) for issues such as incomplete work (18%), unsatisfactory performance (15%) and financial disputes (13%). Interviews with SvC volunteers indicated that their organization handles only civil cases over which law enforcement does not have jurisdiction. Issues of family exploitation may be under law enforcement jurisdiction or were referred to private attorneys. SvC does not investigate cases that are otherwise handled by law enforcement or attorneys.

The average age of victims was 72 years old. On average, SvC recovered approximately \$2,000 per complaint. From 2010 to 2014, the amount SvC recovered for complainants ranged from \$4.50 to \$250,000. Due to a few large cases, financial complaints (e.g., investment complaints) yielded the greatest monetary returns with an average recovery of \$6,690. The money recovered for financial cases makes up 80% of all monies recovered.

Although SvC has returned a significant amount of money to victims, SvC only recovers funds for 30% of complaints filed. Approximately 36% of cases are unable to be resolved. In interviews, the sleuths explained that cases are often unresolved because there is not enough information to pursue, the money has already been lost, it is outside their jurisdiction, or the case is not an incidence of exploitation. Another 14% of cases are deemed fraudulent by SvC, but for jurisdictional reasons are transferred to other agencies including law enforcement and the Better Business Bureau.

#### Sumter County Sheriff Data and Findings

We also collected arrest information from the local sheriff department to capture exploitation complaints that were pursued as criminal. Between 2010 and 2014, SvC transferred approximately 14% of their 3,734 cases to agencies outside their office. Cases deemed criminal by SvC volunteers are transferred to the local sheriff's department. An interview with the SvC data manager revealed that many of the transferred cases are sent to the Sumter County Sheriff's Office.

To better understand the transferred cases, arrest data for financial exploitation cases involving an elderly victim over the age of 55 occurring between 2010 and 2014 was requested from the Sumter County Sheriff's Office. The data contained information on the offense, victim characteristics (age, sex, and race), and offender characteristics for each arrest incident.

According to SvC, 520 cases were transferred to law enforcement during those years. There were 265 arrests for financial exploitation cases committed against an elderly victim in Sumter County between 2010 and 2014. These figures suggest that financial exploitation against the elderly may be under pursued by law enforcement. However, transfer to law enforcement

from SvC is subjective as there is variation between sleuths in what constitutes a criminal degree of exploitation. Therefore, even though SvC transfers a case out of their purview and into the jurisdiction of the police, it does not mean that law enforcement will have enough evidence to make an arrest or believe that a crime has been committed. As a result, it is difficult to determine the degree to which law enforcement agencies in the areas surrounding the retirement community may be under-pursuing cases of elder financial exploitation.

## **National Data**

### National Crime Victimization Survey-Identity Theft Supplement

In order to assess national patterns of elderly financial exploitation, we obtained three national surveys. The first was the National Crime Victimization Survey-Identity Theft Supplement (NCVS-ITS). The NCVS-ITS is collected as part of the larger NCVS. The NCVS is collected every six months, but the ITS is collected less frequently. Overall, the sample consisted of 86,857 individuals. However, in order to better understand the financial exploitation of seniors and to be consistent with the residency requirements of the retirement community, analysis of the NCVS-ITS was limited to 30,737 respondents 55 years of age and older.

NCVS sample households are selected at random and are surveyed every six months for three years. At this point households are removed and new households are added to the sample in order to reduce the burden on respondents. The initial survey is conducted in the home, and the remaining six are usually conducted over the telephone. The ITS questions were asked from January to June 2012 and answered by every household member 16 years of age and older.

The questions from the ITS focus on new account fraud, existing account fraud, and the misuse of personal information in the commission of fraud. While this survey only asks about a



small number of forms of victimization, it asks for details about the incident including how respondents found out about the victimization, if they knew how their information was obtained, if they knew the offender, how long it took to discover their victimization, and if they knew how their information was obtained. Further, they were asked if they reported the offense, their level of satisfaction with reporting, reasons for dissatisfaction with reporting, and reasons for not reporting the incident to law enforcement. Additionally, they were asked whether they experienced the physical or emotional ailments as a result of their victimization, and if they sought assistance for their ailments. They were also asked about the amount of money that was taken, the amount of the loss that they personally incurred, steps that were taken to avoid future victimization, the amount of time that was spent resolving credit and financial problems associated with their victimization, and about other negative repercussions (e.g., employment problems, arrest, contacted by debt collectors, lawsuits, etc.) as a result of their victimization.

Given its sole focus on identity theft and the fact that individuals who are victimized by misuse of a credit or debit card are more likely to report their victimization to their credit card company than an entity like Seniors versus Crime, the NCVS-ITS was not compared to the SVC data. However, the NCVS-ITS proved to be a valuable resource due to the depth of the information provided. It provided insight into victims overall experience with the financial exploitation, including their physical and emotional wellbeing following the incident. While the SVC data does provide limited information about the victim, including their age, gender, and the amount of money that is recovered, it does not provide information about specific experiences, and how the victims' lives have been altered. Frequencies were conducted in order to understand which forms of identity theft victimization were most prevalent, and the level of physical and emotional distress that was experienced by seniors. Data was also analyzed to reveal the amount

of the financial losses that were incurred during the victimization as well as the amount that was recovered.

The analysis of the NCVS-ITS data centered upon the circumstances surrounding victimization as well as the aftermath of the event. As mentioned above, these analyses focuses on individuals who were 55 years of age and over at the time of the interview. Identity thieves on average obtained \$1,379.64 per incident, and victims personally lost an average of \$1,216.99 across these incidents. However, the majority of victims (87.72%) did not personally lose any money and the average amount is the result of a small number of cases where large losses incurred. When those incidents are removed the average personal loss drops to \$57.19. The amount of money spent (excluding lost wages) resolving the problem was small (\$3.07). Overall victims spent 8.3 hours resolving the problem associated with their victimization.

Of the victims who believed they knew how their information was stolen, 23.21% had their information stolen during an in-person purchase, 20.57% had their information stolen during an online purchase, and 14.35% had their information obtained from an office or company that had their information. Where respondents knew who stole their information, 29.73% were victimized by family members.

Although there may be a longer discover time than other crimes where individuals are directly victimized, many victims (45.67%) found out about their victimization within a day, and 25.46% discovered their victimization within a week. The majority of seniors who were victimized, reported feeling at least some level of distress with 28.63% reporting feeling moderate distress and 11.76% of victims found the experience to be severely distressing. In spite of the majority of victims feeling distress, most did not seek professional help from counselors, doctors or nurses. Specifically, only 2.70% reported seeking professional help. In addition, a small number of

victims (8.79%) reported the incident to law enforcement illustrating the official statistics based on reports to police largely underestimate prevalence of identity theft. However, the majority of those who reported their victimization to police (65.38%) were satisfied with the law enforcement agency's response.

Overall, the results suggest that while identity theft is a profitable crime for offenders, the majority of the financial costs associated with incidents are born by credit card companies and other institutions and not individuals. However, victims of identity theft often found these incidents to be either physically or emotionally distressing but did not seek professional help or notify police of the incident. As a result, it is important to focus on educating the public not only how to protect themselves from offenders but who to contact and other resources to help them deal with their physical and emotional responses to the incident.

#### The National Public Survey on White Collar Crime

The second national survey is the 2010 National Public Surveys on White Collar Crime (NPSWCC). We also attempted to acquire the 2000 NPSWCC in an attempt to examine national trends from 2000-2010 but this data was unavailable. These surveys were provided by the National White Collar Crime Center (NW3C). NW3C is a government funded organization that provides support to law enforcement agencies by providing training, and assistance in investigating white-collar and technological crimes (nw3c.org, 2016).

The survey was conducted over the telephone and utilized random digit dialing and computer assisted telephone interviewing (interviewers followed a script and question sequence presented to them by a computer). The subjects for the surveys were all 18 years of age or older. The total sample size was 2,503 and consisted of 973 respondents over the age of 55. As with the NCVS-

ITS, our analysis was limited those 55 years of age and above. The questions focused on opinions related to white-collar crime as well as household victimization of various offenses in the 12 months prior to the survey. When respondents reported that someone in their household had been victimized, they were asked if the incident was reported, and if so, to whom they reported the incident. Respondents were also asked if they had experienced a similar incident in the last 12 months.

The NPSWCC asked about a variety of exploitations. Respondents were asked if they invested in a fraudulent business, paid for unnecessary or underperformed repairs, had the price of a product or service misrepresented, given financial or stock information that led to a financial loss, and lost money through a fraudulent internet transaction. Respondents were also asked if they were the victim of predatory lending, credit or debit card fraud and new account identity theft. Both the NCVS-ITS and the NPSWCC surveys were examined to help develop interview questions for both the focus groups and individual interviews.

To assess whether the statistics from the SvC data were similar to those in the NPSWCC, frequency tables for each offense were created to assess whether the forms of elder financial exploitation matched what we found in the retirement community. Due to differences in the data, we evaluated the overall prevalence rankings for the SVC and the NPSWCC. Unfortunately, this analysis was limited by data constraints, such as the NPSWCC failing to account for whether respondents lived in retirement communities, and that the SVC data relies on victims to contact them to report their victimization. A number of victims we interviewed reported their victimization to entities other than SvC, such as a credit card company, the Better Business Bureau, and often the businesses themselves. This meant that these crimes were unaccounted for in SvC's records suggesting that the levels of financial exploitation exhibited in their data likely

underestimates the accurate level of financial exploitation experienced by seniors in the retirement community.

We compared exploitation incident data in the retirement community with self-reported national exploitation incident data. The findings from the 2010 NPSWCC focuses on households where the respondent was 55 and over. Overall, 191 of the 973 or 20% of households where the respondent was 55 and over reported being victims of one or more incidents of exploitation in the past year. In total, there were 262 incidents of financial exploitation. However, this may be an underestimate as the survey only asks respondents if someone in their household has been a victim of that type of exploitation as opposed to the number of incidents for each form of exploitation. Credit card theft (29%), misrepresentation of the price of a product or service (18%) and unnecessary repairs to one's home, vehicle, or appliances (17%), were the most frequently cited forms of household victimization followed by investing in fraudulent businesses (11%), being given misleading stock or financial information that resulted in a financial loss (9%), fraudulent internet transactions (6%), identity theft (7%), and predatory lending (3%). This suggests that there is not a dominant form of financial exploitation that makes up the majority of incidents, and that many incidents of financial exploitation can occur on a day-to-day basis as a homeowner or consumer.

One advantage of using survey data over official data, such as those provided by SvC and the Sheriff's Department, is that it provides insights into victimization that is not reported to the police or other agencies. Overall, we found that in only 133 of the 262 incidents of household financial exploitation were the incidents reported with close to half of those reports (64) being for credit card fraud. Further, when focusing solely on reporting to the police as opposed to banks, credit card companies, and other non-law enforcement agencies, only 24 or 9% of

incidents of household financial exploitation were reported to the police. This suggests that official statistics are likely to underestimate the incidence of various forms of financial exploitation against seniors. Studies relying only upon cases reported to the police are likely misleading and overlook numerous incidents and types of elder financial exploitation. Thus, conclusions drawn from studies using official statistics only should be viewed as only a fraction of the complete story.

In the SvC data, 42% of complaints fall under home services and 11 % under unsatisfactory performance. When the NPSWCC is limited to the forms of financial exploitation that fall under SvC's purview, we see that misrepresentation of price of a service or product (21%) and unnecessary repairs (20%) are the most common forms of household victimization. While differences in the data sources do not allow for perfect comparison of each form of financial exploitation, it appears consumer exploitation (e.g. home repairs, landscaping, pressure sales, etc.) is the most prevalent form both nationally and in the retirement community.

## **Town Hall Meetings**

In November 2015, we hosted two town hall meetings in the retirement community. The purposes of the meetings were to share aggregate data on reported cases of elder financial exploitation in the retirement community with residents, recruit residents for participation in upcoming focus groups and interviews, and to conduct a brief survey with responses that informed our focus group discussion topics and individual interview questions. The results from the survey are below.

Thirty-five residents completed the survey at the town hall meetings, 44% of the responses were from women and 56% were from men. The average age of respondents was 70 years old and all were White, non-Hispanic. One respondent completed high school; the remaining 34 reported completing at least some college, with 15 holding bachelor's degrees and 10 holding an advanced degree.

Forty-eight percent of respondents reported experiencing some form of financial exploitation while living in the retirement community. The most commonly reported types of elder financial exploitation were financial advisors/planners providing misleading stock or financial advice followed by credit/debit card theft, and unnecessary or incomplete work performed on homes, appliances, or automobiles. Although financial exploitation related to advice from financial advisors/planners was the top reported victimization type, 17% of respondents believe that financial advisors/planners do protect their clients from financial exploitation and 62% of respondents work with a financial advisor/planner.

The perceived risk of falling victim to financial exploitation increased among 48% of respondents after turning 55 years old; 11% felt less at risk. Living in the retirement community also appears to play a role in residents' perception of victimization risk. Seven percent of

respondents reporting that living in the retirement community protects them from financial exploitation while 54% feel that financial exploitation is a major problem in the retirement community. We asked respondents to rank the top three financial exploitations that they believe occur most frequently; the top ranked was financial advisors/planners providing misleading investment or financial advice, the second ranked was unnecessary or incomplete work on homes, appliances, or automobiles, and the third was local businesses overcharging for goods or services.



## **Focus Groups**

### Seniors vs. Crime Focus Group

To gain a greater understanding of the types of financial exploitation occurring in the retirement community, we conducted a focus group with ten SvC volunteers, called sleuths. The sleuths work in either the Sumter County or Marion County SvC offices; each with local jurisdiction. Each sleuth is a current resident of the retirement community and many retired from careers in civil service including law enforcement and social work. Only one of the sleuths we interviewed was born, raised, and retired in Florida; most spent the majority of their lives in northern states.

The volunteers indicated that of the cases that fall within their jurisdiction, 20% are unfounded or unworkable—meaning there is not enough evidence to move forward with a complaint or the complaint is not a case of financial exploitation. The sleuths also reported that they regularly receive numerous complaints involving potential Internet, telephone, and email scams that are not adequately captured in their database. These cases are classified as “assists” and typically involve a resident asking if a specific telephone call or email they received is legitimate and the sleuth advising on whether or not to respond. Telephone calls from people purporting to be IRS agents demanding money or emails, oftentimes appearing legitimate, from financial institutions asking for personal account information are common scams that are classified by the SvC sleuths as assists.

In their collective experience, and consistent with their official data, the most common types of financial exploitation perpetrated in the retirement community involve contractor and landscaping scams. Landscaping and contracting issues generally involve incomplete work, poor workmanship, or partially fulfilled contracts. In the instances of partially fulfilled contracts, the

individual or company receives a substantial down payment or deposit for services and does not complete the project. Perpetrators are typically service providers from within or around the retirement community. Importantly, the sleuths indicated that exploitation by service providers is not routinely initiated by door-to-door solicitations but rather through legitimate referrals or through the complainant seeking out the services of the person/company. Some people who live and work in the surrounding community view the retirement community as a “target-rich environment” where residents are perceived as having a substantial amount of wealth. According to one sleuth, “[This] is the perfect environment for this type of crime” because of the high concentration of retired residents, part-time residents, and mandatory home maintenance requirements. Those who are new to the area are especially vulnerable because they want to get their home set-up and ready to move in as quickly as possible, so they can “go out and live [their] retirement.” The sleuths agree that the “rush to get things done [to their new home] increases the risk of victimization.”

The SvC data did not provide detailed information on victims or their lives aside from sex and age. To begin to understand more about the circumstances of elder financial exploitation, we asked the sleuths to describe some of the common risk and protective factors of victimization. The sleuths discussed individual or personal factors that may influence a person’s risk for financial exploitation at length in the focus group. Loneliness and “generational trust” were reported as common victimization risk factors. Sleuths believe that the elderly generation is far more trusting than their younger counterparts and perpetrators take advantage of this. This generation tends to believe that “your word is your bond” and “a handshake seals the deal.” However, business owners and service providers often do not operate under that philosophy.

Further, a sleuth said that perpetrators gain the trust of some residents simply by telling them to “have a blessed day.” As a result, this unwavering trust increases the likelihood of victimization.

Divorce or the death of a spouse also increases one's vulnerability. The sleuths explained that when an individual loses a spouse, particularly if that person handled the finances, the widow/widower is at greater risk for financial exploitation. The sleuths also agreed that having more free time in retirement might increase the likelihood of victimization. Many recently retired and new residents suddenly have a lot of free time on their hands which means they may be more likely to attend seminars, answer telephone calls, etc. that may be fraudulent. Several other individual-level factors may also increase one's risk of falling victim to financial exploitation including low computer literacy, a small support network of friends and family near the retirement community, and spending part of the year in another area of the country.

The retirement community itself may also increase the risk of financial exploitation in several ways. First, as mentioned, some outsiders perceive the retirement community to be a “target-rich environment”. It is seen as a “Golden Dome” of criminal opportunity where the residents are rich, retired, trusting, and elderly. Second, the retirement community creates a false sense of security and safety resulting in complacency and residents “letting their guard down”. This is referred to as the “Dome Effect” by the sleuths. The community is portrayed as an idyllic retirement community and “America's Friendliest Hometown” where risks of financial exploitation or crime are rarely discussed. New residents often believe that service providers in the area all work for the retirement community. In reality, they are independent contractors and in many areas, such as landscaping, are not even required to be licensed, insured, or regulated.

We also discussed reporting during the focus group with the sleuths. Existing literature on elder financial exploitation has concluded that many victims do not report the incident. According to

SvC volunteers, the main reason the elderly do not report their victimization is embarrassment and shame. The sleuths stated that victims feel that they should have been wise enough to avoid exploitation and feel embarrassed when victimized. Another reason for not reporting is fear of retribution. The sleuths indicated that many victims, especially women, state that they were afraid the perpetrator would retaliate against them in some way (e.g., yell at them) if they reported, while others are afraid of their families revoking their independence (e.g., taking their car, putting them in assisted living) if they reported the financial exploitation. Finally, the volunteers speculated that many do not report the incident either because they believe that the police or other agencies would take too long to resolve the issue or that nothing could be done to remedy the loss. Often it is seen as just too much of a hassle.

Although financial exploitation appears to be pervasive in the retirement community, there are several factors that the sleuths believe may protect against financial exploitation. The most commonly cited was education. Residents who understand and recognize financial exploitation are the least likely to fall victim. In addition, frequently socializing with family and friends in the retirement community reduces the risk of victimization; especially if they can be relied on for recommendations, advice, and support.

We also asked the volunteers their opinions on how they recommend preventing and reducing elder financial exploitation. The sleuths suggested several recommendations. First, they believe Florida laws need to be stricter with regards to service providers. Specifically, all contractors, including landscapers, should require licensing. Many sleuths indicated landscapers had to be licensed and insured in their home states, but in Florida only their vehicle needs to be licensed. Second, they believe law enforcement should pursue financial exploitation cases more frequently and the Attorney General should be more willing to prosecute these cases. Finally,

they contend that elderly citizens should be more educated on types and risks of financial exploitation. They believe that all of this together could reduce financial exploitation in the retirement community and around the state of Florida.

### Resident Focus Groups

To obtain a more complete and detailed understanding of the nuanced details of elder financial exploitation that is missing from the existing research literature and incident data, we hosted four focus group sessions in the retirement community. The focus groups were open-ended discussions with 45 residents about the salience of financial exploitation in the retirement community. The development of in-depth individual interview questions was informed with the information obtained from the focus groups.

Focus group participants were asked to complete a brief information card prior to the start of the discussions. Thirty participants completed the cards, all were White non-Hispanic, 17 were females, 13 were males, and the average age was 70 years old. Sixty-three percent of participants were married, 10% were widowed, 20% were divorced, the remaining were either never married or were currently separated. Forty-six percent of participants had been victims of financial exploitation since moving to the retirement community and 70% currently have a financial planner.

Participants were asked about the types of financial exploitation most frequently occurring in the retirement community. Lottery/sweepstake scams through the telephone and postal mail and financial exploitation related to home and automobile maintenance or services were the most frequently cited financial exploitation types. Service related exploitation was also the most frequently reported to SvC. Residents indicated this is likely because they “don’t have the desire anymore to do a lot of things around the house... instead of mowing the lawn, it’s

easier to hire someone.” Further, service providers in the area take advantage of elder citizens who they perceive as being wealthy. For example, one participant said when fraudsters look at the retirement community they see “old people with bad health and a lot of money.”

Residents report being inundated with phony lottery/sweepstake telephone calls and postal mail that says they have won a free vacation, car, cruise, etc. and all that is required of them is to send a small amount of money for tax purposes. Once they send the money, the resident either never hears from the company again, or gets another notice from them that more money is needed before they are able to send their winnings.

A unique aspect of living in the retirement community, that many residents felt was the source of a significant amount of financial exploitation, are “free lunch seminars”. Travel agencies, financial planners, insurance salespeople, funeral homes, doctors, etc. frequently host these well-advertised and well-attended seminars. High-pressure sales tactics and “too good to be true” offers are how residents describe the seminars. Additionally, when residents move to the retirement community, their name is printed in the local newspaper as a welcome. However, residents feel that this places them at an unnecessary risk because financial exploitation predators look for people who are new to the area. A majority of the focus group participants said they were targeted for financial exploitation almost as soon as they moved in. Further, they feel much more targeted in the retirement community than where they previously lived.

Residents felt that the retirement community reinforces a false sense of security because of guard gates, restrictions on door-to-door solicitations, and regulating the stories published in the local newspaper. The guard gates were called “useless” by several participants and that their only purpose was to “slow you down” because, in reality, anyone is able to enter. Further, many residents indicated that they do get door-to-door solicitations, especially from landscapers and

people offering to wash their windows or put a sealant on their driveway for a reduced price if they pay upfront. However, after the resident pays, the person disappears with their money and never performs the service. The local newspaper was repeatedly referred to as “the happy paper” in the focus groups. One resident said for the first two years they lived in the retirement community, the only negative thing published in the local newspaper was about a golf cart accident. However, there is now an online newspaper managed and written by residents that publishes current events, including stories about financial exploitation. These findings echo the discussion from the SvC sleuths about the retirement community creating a “dome effect” where residents move in and believe they live in a completely safe and idyllic community so they let their guards down.

Widowed women felt especially targeted and vulnerable to experiencing financial exploitation. “Sudden life changes” and “depression” were cited as the reasons why widowed women felt more susceptible to financial exploitation. One of the focus group participants led a bereavement group for recently widowed residents and distinctly remembers someone who “had never signed a check before” she went on to say that “[the woman] was in a panic and so susceptible to someone coming in and saying ‘let me help you’.” Women in the area are advised by funeral homes not to publish obituaries in local newspapers about their husband’s passing because those looking to exploit the women use the information to “target and make connections” with them.

Significant changes and/or declines in physical and mental health were also discussed as risk factors for financial exploitation. Residents indicated that they “want to believe there is a quick fix” to their physical health problem and there are people waiting to defraud and take advantage of people who are in pain. A resident said that when you are “in a lot of pain and have

been in a lot of pain for many months, it affects everything that you do.” She continued, “when you aren’t feeling well, you don’t want to believe the worst in people. Your mind just is not right, not the way it used to be, which leads you to experience situations you normally wouldn’t and when you need someone to help you, there’s no one there.” Additionally, the stress of health issues makes it so that people do not want to deal with anything else, they are less likely to question the motivations of service providers, and tend to pay for services without asking questions.

As mentioned by the SvC sleuths, focus group participants also indicated that they are part of a very trusting generation; they are “taught to trust people with just a shake of a hand.” People looking to exploit the elderly know this and take advantage of their trusting nature. Participants believe that the key to withstanding the many financial exploitation attempts is to remain skeptical. One female resident also said that she “had to practice saying no.”

Consistent with prior literature and the SvC focus group, the most common reason elders do not report their victimization is because they are embarrassed and do not want anyone to learn that they made a mistake. Residents said they “feel stupid” for being taken advantage of and would rather not go through the “frustration” in reporting because they can never get in touch with the right people and do not want to repeatedly tell their story and relive the victimization.

To prevent and reduce elder financial exploitation, our focus group participants said that stricter punishments for offenders, more regulation over financial planners and service providers are necessary. Because residents feel disproportionately targeted after moving to the retirement community, they believe that more education and publicity about the extent of financial exploitation is needed so they are aware of what to be on guard about.



## **Individual Interviews**

To provide more nuanced detail and illustrative examples about the incidents, circumstances, perceptions, risk factors, and protective factors of elder financial exploitation we conducted in-depth interviews with 35 residents of the retirement community from late-March through June 2016. All interviewees were White, non-Hispanic, and the average age was 73 years old. Seventeen interviewees were male and 18 were female and they had lived in the retirement community for an average of 7.4 years. All interviewees moved at least four hours, with most moving across the country. Twenty-one were married at the time of the interview, five were widowed, four were single (never married), and five were divorced. Three residents reported having completed high school, eight attended some college, 17 completed a bachelor's degree, and eight received an advanced graduate degree. Since moving to the retirement community, 19 interviewed residents reported being victims of financial exploitation at least once, 14 reported being targeted at least once for financial exploitation, and two reported never being victimized or targeted.

All residents believed they were targeted more often in the retirement community than in their prior place of residence. Further, many indicated that the targeting attempts began soon after they moved into their new homes. One resident said, "fraudsters follow the moving trucks through the gates." The most common targeting attempt is by telephone calls from individuals purporting to be from the IRS and various charity organizations asking for donations. In an effort to reduce the number of fraudulent telephone calls, some residents placed their telephone numbers on the "national do not call list," however, doing so did not appear to have any effect on the type or frequency of fraudulent calls. Residents also recounted receiving numerous postal mailings every week indicating that they had won various contests and to claim their prize all

that was needed was a small payment for shipping or tax purposes. Interviewees also indicated that they are routinely targeted through door-to-door solicitations and feel they may be taken advantage of when seeking home repair and landscaping services. It is clear that residents of the retirement community are inundated with financial exploitation attempts from a variety of sources nearly each day. Yet, some residents have never fallen victim to financial exploitation. When asked why they believe they have been able to prevent all fraudulent attempts, the most common response was that they are and always have been very skeptical. Further, those who have not experienced a victimization event are more likely to “read the fine print” and are keenly aware of the types and how frequently exploitation is perpetrated in their area, noting that they are always “on guard.”

The most common types of financial exploitation reported during the interviews related to investments, followed by home repairs/construction, and medical services. In the cases of investment and medical service related financial exploitation, victims attended sales seminars hosted by business owners seeking investors, financial planners seeking new clients, or medical professionals advertising “new and state-of-the-art procedures”. Through these well-advertised and well-attended seminars, those in attendance are persuaded to invest in businesses, place a reverse mortgage on their home, surrender and transfer their annuities, and try new medical treatments, through misleading statements and pressure sales tactics. For example, one victim’s wife had pain in her knees for years and paid several thousand dollars for a laser treatment that would purportedly protect her from needing knee replacement surgery. The procedure was not covered by her insurance and was completely ineffective. In most cases, involving incomplete/unsatisfactory workmanship and contract disputes, the victim sought out services and initiated the contact with the company who defrauded them.

Although all forms of elder financial exploitation are underreported, victimization perpetrated by family members is believed to be among the least likely to be reported. We conducted interviews with two victims who were taken advantage of financially by their family members. Each incident was preceded by a significant and critical health diagnosis. The victimized family member turned control of their finances over to one of their children whom they believed they could trust and over the period of several years was exploited for tens of thousands of dollars. The victims' other family members were not aware of the situation because the perpetrator isolated the victim from everyone. In these instances, the victims' family members could not believe that their own relatives were "capable of committing such unfathomable acts."

Prior research on elder financial exploitation has found an increased likelihood for victimization between the routine activities of senior citizens and low levels of self-control. Aside from attending sales seminars, we did not find a strong connection between routine activities and financial exploitation in the current study. It appears there may be a link between attending sales seminars and victimization as several interviewees reported encountering the person who defrauded them at a seminar. The routine activities between victims and non-victims did not vary; most people we interviewed did not gamble, routinely play the lottery, answer unsolicited telephone calls, or use the Internet for shopping. Further, everyone we interviewed had up-to-date virus protection on their computers, shred all important documents before throwing them away, most got multiple bids or estimates before signing contracts, and researched companies or people before engaging in business with them. We included two behavioral measures of self-control in the interview instrument: gambling at casinos and playing the lottery. We did not find an association between these indicators of risk-taking behavior and

financial exploitation as nearly everyone interviewed reported they did not gamble or play the lottery. Thus, routine activities and low self-control were not able to explain why some people became victims and others did not among respondents from our study.

A more prominent theme among victims was that they experienced a significant change(s) or “turning point(s)” in their lives leading up to the victimization. As discussed above, the most commonly reported types of financial exploitation were investment, followed by home repair/construction, and medical. Major life changing events such as divorce, becoming a widow, and illness of themselves or a spouse, often precipitated the exploitation event and can be seen as turning points associated with an increase in vulnerability, especially in the instances where the other spouse handled the majority of the financial decisions. The incapacitation of a spouse that renders the other spouse to be a caregiver creates a large degree of stress and increases the likelihood for victimization. Significant pain, injury, or a serious health diagnosis were also critical turning points in several of the interviewees lives that they believe led to their victimization. For example, one victim said that his wife was seriously ill and he did not have the time or energy to thoroughly evaluate the changes his financial planner was recommending they make to their annuities. He went along with the plan and realized months later, when it was too late, that his financial planner had taken advantage of him.

The turning points listed above may be associated with financial exploitation in several ways, first, if the spouse who handled the financial decisions is no longer able to do so because of divorce, death, or a serious illness the other spouse may not know how to properly manage finances. Second, particular changing life events are likely to create a significant amount of distress and/or distraction leaving the individual vulnerable to financial exploitation because they are too busy dealing with bereavement, care giving, pain or an illness to worry about

exploitation. For some respondents, these changing life circumstances led to a series of events that eventually resulted in exploitation. For example, one individual cited the death of a spouse whose health issues led to attempting to sell two homes simultaneously, while also becoming newly engaged. In this case, the individual became a victim of investment exploitation partly due to the changes they were experiencing. Third, the turning points may result in an individual being physically or mentally unable to handle daily housework or decisions that were previously able to do. For example, chronic pain, injuries, or serious illnesses likely limit the amount of housework an individual is able to do making it necessary to hire an outsider. For example, when asked about how much of their victimization experience could be attributed to illness, one victim responded with “all of it. Every bit. No doubt about it, if I weren’t sick this would have never happened.” In addition, several residents noted they used to thoroughly research companies before paying for services, however, since they or their spouse became ill they “no longer had the time” to properly vet people which led them to selecting service providers that took advantage of them.

Moving from the area that many people spent a majority of their life to the retirement community also emerged as a significant turning point associated with financial exploitation. Some individuals that we interviewed said they were victimized in the midst of moving because the transition itself was highly stressful. In addition, a larger number appear to have been victimized because of a significant change in their social and support networks. Individuals likely have to change doctors, financial planners, banking locations, lawn maintenance companies, home repair providers when they move across the country. For some, these changes led to financial exploitation. Further, most interviewed residents indicated they had no family living within two hours of their home in the retirement community but had dozens within two

hours of their prior home. Friendship networks also changed; while most people said they had a group of friends in the retirement community, the connections did not appear to be as strong as those with their family, friends, and former coworkers prior to moving.

The type of financial exploitation experienced by residents varies greatly and the sums of money lost range from \$75 to well over \$100,000. However, despite the type of exploitation or the amount of money lost, a common theme is that victimization has profound impacts on the victim's quality of life, physical health, emotional health and self-concept, financial decisions, and interactions with others. Many instances of victimization were initiated because the victim trusted the perpetrator. As a result of being defrauded, most interviewees lost trust in strangers, service providers, financial planners, and medical doctors. A majority of victims reported feelings of lasting "anger," "frustration," and "disgust," others indicated that they are "constantly stressed out," "nervous," "sleep deprived," and feel as though they have "lost control" of their finances and livelihoods. A decorated World War II veteran who fell victim to a fraudulent cruise travel scam indicated that the money lost was not of primary importance, but rather it left them feeling "stupid" and "naive". Individuals who experienced multiple victimizations were more likely to report that they feel "lost," "hopeless," and "helpless" in all aspects of their life, from managing their finances to their interactions with others. One victim noted the dread and anxiety he felt each time he opened his credit card bills every month, not knowing what charges he might find.

Individuals are much less likely to report targeting attempts than completed victimizations. Residents indicated they did not know the appropriate agency or organization to report targeting attempts or if they did report they did not believe anything could be done. However, they were likely to alert their friends and neighbors about various targeting attempts,

especially telephone attempts and door-to-door sales. Similar to what was mentioned in the focus groups, interviewed residents cited an online resident-operated newspaper as a major source of information about financial exploitation that occurs in the retirement community, with many reporting their experiences to the paper. Further, several residents are part of small online “neighborhood watch” groups. These online message boards are restricted to people who live on a specific street or neighborhood within the retirement community and used to communicate about financial exploitation attempts or victimizations in the residents’ immediate areas.

Victims tended to report financial exploitation to the company that perpetrated the exploitation; most frequently this involved financial institutions, insurances companies, or home service repair/contracting companies. The local sheriff’s department and the office of the Florida Attorney General were also common agencies where residents reported victimization. Despite reporting, most were unsuccessful at recovering money and victims tended to be frustrated and unhappy with the reporting process with one victim saying the process was “worthless and a waste of time.” Interestingly, many victims who reported their experiences were not hopeful that their money would be returned, however, their motivation in reporting was to ensure something similar would not happen again to others. Along with reporting to official agencies or companies, some victims alerted various media outlets and say they “tell everyone” they know about their experiences.

The final question in our interview asked residents what they thought would be helpful in reducing and preventing elder financial exploitation. Education was the most commonly recommended means of prevention. Residents repeatedly said they needed more information and education on financial exploitation scams occurring in their neighborhood, suggestions on who to report to, and options for recovering any money lost. Large town hall meetings providing a lot

of information were thought to be less effective than information printed in the newspaper or through small group sessions. There are 2,400 clubs registered with the community's recreation department and many of them encourage guest speakers at their monthly meetings. Residents noted these meetings would be ideal for spreading important information on financial exploitation prevention strategies.

A related prevention theme was the need to educate residents about the "dome effect" created by the retirement community. People move to the retirement community and believe it is a "fantasyland" where "nothing bad ever happens." Because of these perceptions, residents are overly trusting of strangers in the area and find themselves as victims. Residents also expressed the need for a more effective and widespread community watch organization that would limit the amount of door-to-door solicitations and keep an updated list of known offenders that residents could visit or call before paying for any service. One resident suggested the expanded use of online neighborhood watch groups dedicated to exploitation. These websites would allow residents to post cautions and recommendations related to exploitation that is occurring in their immediate community. More strict regulation and licensing of service providers and financial planners were also suggested as possible strategies for reducing and preventing financial exploitation.

### **Typology of Elder Financial Exploitation**

Through our analysis of Seniors vs. Crime incident data, focus group discussions, and in-depth interviews, we developed a typology of elder financial exploitation in the retirement community. An act of exploitation was considered to have been committed if someone felt unjustly taken advantage of by a stranger, service provider, family member, friend, or



acquaintance that resulted in a loss of money. Table 3 provides a summary overview of our typology.

**Table 3: Typology of Exploitation**

<b>Exploitation Type</b>	<b>Method of Perpetration</b>	<b>Frequency</b>	<b>Associated Life Course Turning Points or Personality Characteristics</b>
Misrepresentation/ Inappropriate Contracts (Landscaping, Home Repair, Automotive)	Face-to-face interaction with a service provider or soliciting stranger	66.46%	Death or incapacitation of spouse or significant health diagnosis that makes service provider necessary; moving and being new to the community and loss of social networks
Pressure Sales/Misleading Advertisements	Face-to-face interaction, postal mailing, telephone calls from strangers (masked/fake number on caller ID), “free lunch” seminars	11.6%	Overly trusting Naïve Widowed Moving to a retirement community which is a target rich environment
Investment	Face-to-face interaction with financial service provider, “free lunch” seminars	6.61%	Death/incapacitation of spouse Significant health diagnosis Divorce
Lottery/ Sweepstakes	Postal mailings, email, telephone calls from strangers (masked/fake number on caller ID)	4.47%	Overly trusting Naïve
Medical/Dental	Face-to-face interaction with medical service provider	3%	Significant health diagnosis or pain resulting in desperation
Embezzlement	Family, significant others	N/A (not included in SvC data)	Loss of a spouse, loss of family and social network resulting in loneliness, declining cognition
Credit Card/Check Forgery	Indirect/no contact between another individual	3.97%	Normative-risk
Identity Theft	Indirect/no contact between another individual	1.04%	Normative-risk

Identity theft, credit/debit card fraud and check forgery were among the least-frequently reported incidents of exploitation in our study. Interestingly, nationally, credit card theft was among the most frequently reported and identity theft was among the least reported. In these cases, there was often no direct contact between the victim and perpetrator. We have categorized these types of financial exploitation as having a normative risk because the life events leading up to and the circumstances of the incident were not elder- or age-specific. Further, prior studies indicate that the risk of identity theft does not appear to be any more or less common among elderly than other younger aged cohorts.

Incidents of embezzlement that occurred in the retirement community were not reported to SvC, therefore, a frequency of occurrence could not be generated. However, cases did appear in several of the individual interviews we conducted. In these instances, children or romantic partners embezzled large sums of money from victims who were rapidly declining in cognitively or experiencing loneliness as a result of a loss of a spouse or social support network.

Residents who described themselves as being generally trusting of others or naïve were more likely to experience financial exploitation incidents involving pressure sales, misleading advertisements, and lottery/sweepstakes scams. In the case examples of exploitation related to pressure sales widowed women with little to no support networks were most vulnerable. In the instances of lottery/sweepstake scams, there was some form of contact between the victim and perpetrator, typically in the form of an unsolicited telephone call, postal mailing asking the victim to contact the company to claim their prize, or at a seminar. Misleading advertisements for services, products, vacation packages, and sales seminars that offer free lunches are frequently published in the local newspaper or mailed to residents. Interaction with high-pressure sales and misleading advertisements appeared to be more prevalent in the large retirement community. Several focus

group members and interviewees described the retirement community as “a target rich environment” for this type of exploitation with sales seminars being a regular occurrence.

Cases involving exploitation perpetrated by medical or dental professionals typically occurred as a result of a significant health diagnosis or severe pain that left the victim feeling helpless and desperate for relief. In several cases involving medical/dental exploitation, the resident contacted the doctor after having seen an advertisement in a local newspaper or attending a seminar hosted by the doctor about their services.

Significant life-altering changes such as the death or incapacitation of a spouse due to illness (which frequently results in the other spouse become a caregiver), divorce, or major health diagnoses were precursors for exploitation involving investments and misrepresentation/inappropriate contracts. In these cases, residents reported feeling lonely, overwhelmed, and/or desperate prior to the exploitation incident. In some cases, the victim required someone else to perform services because they were no longer able to do so.

Moving to the retirement community resulted in a change in the social support networks of many residents. Most residents reported living in their prior place of residence for over 10 years. In that time, they built substantial social networks including family, friends, doctors, and service providers. Smaller social networks coupled with the frequent financial exploitation targeting of the retirement community resulted in victimization for many of the residents we interviewed. A majority of residents reported that they felt rarely, if ever, targeted for financial exploitation in their prior home. However, since moving to the retirement community they were inundated with telephone calls, postal mailing, advertisements in the newspapers, and requests to attend “free lunch” seminars. The “free lunch” seminars are typically hosted by doctors, financial planners, insurance salespeople, and travel agents and seek to sell “too good to be true” products or services involving pressure sale

tactics or misleading advertisements. Moreover, little, if any, vetting or screening of presenters appears to be completed by the owners of the retirement community to determine the legitimacy of those hosting seminars.

We grouped interviewees into three categories: those who have never been victimized, those who have been victimized once, and those who have been victimized more than once. Residents who reported never experiencing an incident of financial exploitation considered themselves to be highly skeptical and generally untrusting of strangers or service providers. Importantly, the respondents' skepticism appears to be a personality trait that they have always had; it was not something they developed following retirement or after turning 55 years old. Residents who reported one incident of financial exploitation said they learned from their experience and had a major change in their behavior and/or personality by becoming skeptical of others and vowing to never be taken advantage of again. Significant life events and/or changes that had lasting effects on the residents' lives resulted in some residents experiencing multiple victimizations. In some instances, the initial incident of exploitation was the significant event that precipitated other victimizations. For example, one victim we interviewed was defrauded during the process of leasing a car. When the victim realized that a wrongdoing occurred, they returned to the dealership for clarification and an additional fraud occurred. The victim then went to a lawyer to try to file a lawsuit against the dealership and was defrauded by the lawyer.

## **Limitations**

While several important findings emerged from our case study, several limitations must be addressed. First, our study is of only one retirement community. Although the retirement community is the largest in the country and is home to residents from around the world, the

unique nature of this specific retirement community means our findings may not be generalizable to other retirement communities. Additionally, it is unclear if our conclusions can be applied to people who do not live in retirement communities. Second, the incident data comes only from cases that were reported to SvC or the local sheriff department. Because so many incidents of elder financial exploitation are not reported, the actual number of incidents is unknown. The data from the NPSWCC and NCVS-ITS indicate victims of exploitation rarely report the incidents to law enforcement. Third, participants for the focus group and individual interviews were not randomly chosen. While we advertised the focus groups and interviews through various sources in an effort to generate interest among varying groups of people who live in the retirement community, the study is based on people who self-selected to participate.

## **Summary and Discussion**

### **Conclusions**

Elder financial exploitation is a growing social problem with little theoretical and/or empirical explanation for the incidence, circumstances, risk factors, and protective factors. We conducted a comprehensive mixed method case study of elder financial exploitation in the largest active retirement community in the United States. Our study was guided by a life course theoretical framework and addressed the following research questions: 1) What are the most common types of financial exploitation perpetrated against the elderly? 2) What role do salient life events, such as retirement, death of a spouse, and declining health have on one's risk for elder financial exploitation? 3) What are the protective factors against elder financial exploitation? 4) What factors influence whether victims report their victimization? 5) What are the consequences of elder financial exploitation on the quality of life, physical health, and emotional health of victims?

Contractor, home service, and landscape exploitation was among the most common type of financial exploitation committed against the elderly according to national self-report data, incident data from SvC, focus group discussions, and individual interviews with residents of the retirement community. The aggregate incident data from the national surveys and SvC database provide only limited detail about the specific circumstances of the exploitation event. Through our focus group and interview discussions, we discovered that the majority of these cases involved incomplete/unsatisfactory workmanship and contract disputes. In many cases, the victim sought out services and initiated the contact with the company who defrauded them. Exploitation related to investments was a commonly reported form of financial exploitation perpetrated against the elderly. In many instances, victims attended sales seminars hosted by

business owners seeking investors or financial planners seeking new clients. Through these well-advertised and well-attended seminars, misleading statements and pressure sales tactics are used to persuade those in attendance to invest in businesses, place a reverse mortgage on their home, and surrender and transfer their annuities, among others. While cases of exploitation related to investments were not as prevalent as those perpetrated by contractors or landscapers, they resulted in larger sums of money lost.

The available research literature on elder financial exploitation has been largely uninformed by theory. However, in the studies that do apply a theoretical framework to guide their explanation of elder financial exploitation, routine activities and low self-control are common. We did not find strong associations between elements of either theory. We applied a life course theoretical framework to the current case study and found that it provides a compelling explanation for why some elder citizens become victims of financial exploitation, why others are victimized multiple times, and why some are able to withstand pervasive targeting experienced in the retirement community. Salient life events, such as retirement, divorce, the death of a spouse, and declining health were found to be the most common precursors for financial exploitation. These events created stress and upheaval in the lives of senior citizens and facilitated financial exploitation in many instances by increasing their vulnerability. Additionally, a move to the retirement community coincides with the need for home services, new doctors, and financial investment advisors, among others. Not only are residents requiring new service providers due to the move, they are requiring others to assist them with things they have often done themselves.

The most common protective factor against financial exploitation was skepticism. Residents who reported being skeptical people were better able to withstand the exploitation

targeting attempts they experience. Importantly, most residents indicate that they have always been skeptics and it is not something new they have developed since retirement. However, a subset of the victims we interviewed reported becoming skeptical after they were taken advantage of financially. This newly developed skepticism, they believe, will protect them from further victimization. Some respondents also indicated their knowledge of exploitation was another protective factor. Being aware of certain telemarketing scams protected some of the interviewees from victimization. Some of the non-victims also had a particular interest in finance and sought out information both online and through memberships in national groups intended to prevent financial exploitation.

Our study found support for the claim that elder financial exploitation is underreported. People who are targeted but not victimized are not likely to report the attempt to official agencies or organizations. Some, however, do tell their neighbors and friends to be cautious. Embarrassment and the belief that nothing could be done were factors most associated with an individual's decision to not report the victimization. Overall, victims who did report found the process to be stressful, frustrating, and largely unsuccessful at recovering their money.

Despite the amount of money lost or the type of exploitation experienced, victimization has profound and oftentimes long-lasting consequences on the quality of life, physical health, and emotional health of senior citizens. Prior research has found that victims of financial exploitation report anxiety, stress, chest pains, and high blood pressure related to the incident. Further, research has also found that elder victims of abuse and financial exploitation are more likely to die prematurely. Respondents in our study reported higher levels of anxiety, emotional distress, and anger. While the initial reaction to learning they were defrauded was oftentimes more intense, the emotional distress they experienced remained with the victim for months and



years following the incident. Moreover, with some victims taking on general feelings of helplessness.

Qualitative exploratory research provides the unique opportunity for important findings to emerge that researcher-generated questions did not address or that were not anticipated. Two such findings appeared in the focus group discussions and individual interviews. First, the retirement community appears to play a significant role in the risk of experiencing financial exploitation. A large group of senior citizens who are perceived to be feeble and wealthy creates a prime target for fraudsters. The retirement community also creates a false sense of security that results in residents letting their guard down and opening themselves up to victimization. A second finding that emerged involved the role of financial advisors/planners. Residents who were happy with their financial advisor/planner indicated that they had worked together for years, had a genuine level of trust in the individual, and a strong personal relationship. Because of this, they continued working together even after moving across the country to the retirement community. The residents who were most unhappy with their financial advisors/planners were those who hired someone new after moving to the retirement community. Residents were frustrated with the lack of honesty, trust, and personal relationships with the new financial advisors/planners. In several instances, the new financial advisors/planners were the ones who perpetrated the exploitation.

### **Policy Implications and Recommendations**

Findings from our research indicate that broad education and publicity of the prevalence and circumstances of elder financial exploitation are essential for greater awareness and evidence-based prevention initiatives. To reduce and prevent elder financial exploitation, senior citizens and their support networks should be aware of how exploitation is commonly

perpetrated and how it can be avoided. Several residents indicated there are small, localized online community watch message boards that are used to share information about exploitation targeting or victimization that has occurred in different neighborhoods. The expansion of these services may be a beneficial tool for educating senior citizens about locally occurring exploitation. In addition to an online platform, another prevention initiative that was mentioned was a physical logbook or bulletin board in a community center; this would also reach those senior citizens who do not have access to or know how to use the online version.

With regard to a more comprehensive strategy for the prevention and control of elder financial exploitation in the retirement community, and in all likelihood other retirement communities, our findings and use of a life course and turning points perspective indicates the potential usefulness of what we will term “Community Service Centers” (CSCs). What emerged consistently from our focus group discussions and individual resident interviews were the patterned and frequent financial exploitation attempts that new and established residents experienced while living in the retirement community. Many of the residents fell victim to these attempts, in part, because they had moved away from their previous homes where family and friends were available to assist and advise on numerous matters that could protect them from exploitation. We believe these CSCs could serve, in part, as a surrogate family and support network where residents of retirement communities could turn for advice and assistance. Study participants who indicated that they were pleased with and felt protected by their financial advisors/planners had a personal relationship built on trust that extended beyond merely discussing stocks and investment opportunities; these relationships mimicked those of close friends and/or family members.

Ideally, the CSC would be established as a 501-C3 and be operated by a mixture of professionals and community residents. For example, board members might include a representative from the development company, a representative from the local Better Business Bureau, a representative from SVC or another public law enforcement or prosecutorial representative, and several retirement community members. While the CSC staff might include some professional staff, it should primarily consist of volunteers from the community. In addition, volunteers might also be sought from nearby local universities for graduate level counselors, advocates, and legal aide. The CSCs should have a strong moral authority and instill feelings of trust and safety in residents of retirement communities. Further adding to the legitimacy and moral authority, the CSCs should be routinely monitored, held accountable, and be bonded and liable for any financial victimization that might occur because a resident sought their assistance. Table 4 provides a list of potential services that CSCs could provide.

**Table 4: Services provided by CSCs**

<b>Prevention Services</b>	<b>Victim Services</b>
Hotline	Advocates
List of “endorsed” service providers	Mediation
Education	Assistance with reporting
Media outreach	Financial safety planning
“Shopping buddy” program	Emergency recovery fund
Support groups	Support groups
Referral services	Referral services

Drawing from our findings that include residents’ recommendations for needed services related to the prevention of financial exploitation, we believe the CSCs should include direct services, indirect services, and information functions for victims and nonvictims. Among the direct services would be a hotline staffed by CSC volunteers that residents could call and request

information as well as obtain answers to various questions related or not related to financial exploitation. The hotline staff would be equipped to provide immediate referrals to victims for services, provide advice using a standardized protocol for current and common scam solicitations, and provide information on area service providers. The CSC would maintain a list of “approved” or “endorsed” service providers in the area that could be used to provide guidance as residents select and hire service providers. Businesses and service providers can apply to the CSC to get endorsed or a “stamp of approval” which would ultimately be determined by an advisory board made up of retirement community residents, representatives from the retirement community’s management, and SvC staff. The board members would be responsible for checking the standings of the company by reviewing customer complaints and verifying applicable licenses.

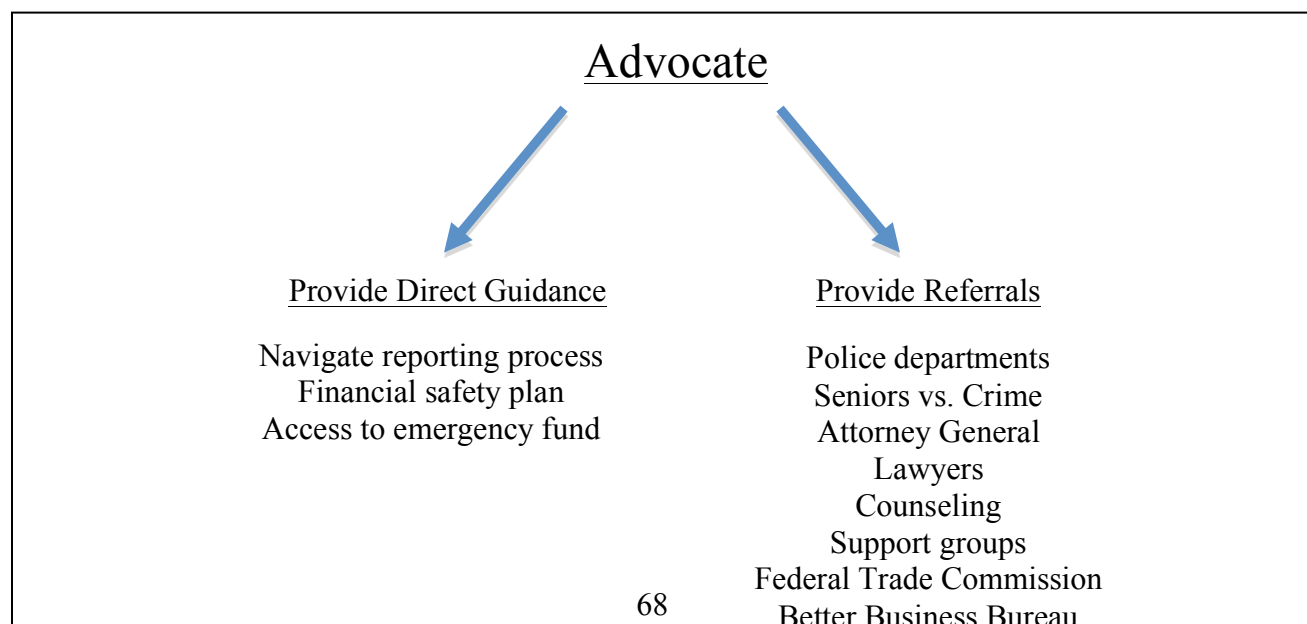
Additionally, regularly scheduled classes on topics related to elder financial exploitation should be hosted by the CSC and include subject matter experts, legal experts, financial advisers, and, most importantly, residents to share their knowledge and experiences. In addition to education, the CSC would work with various media outlets within the retirement community to publicize information about incidents of elder financial exploitation. Education and outreach efforts should focus upon reaching isolated individuals without support networks. Further, education initiatives and the frequent dissemination of information should not instill fear in residents but rather serve to empower them so they can protect themselves.

To further empower, we believe that the CSCs should host resident-run support groups for victims of elder financial exploitation, and those who have experienced significant life-changing events that may be precursors for financial exploitation. An additional service that would help empower residents is the development of a volunteer program by CSCs where

residents would accompany and advocate for individuals who need to make large purchases for goods or services but are uncomfortable doing so alone. Throughout our study, single women, especially those who have been recently widowed, indicated they felt vulnerable and taken advantage of when shopping for cars or hiring contractors. This program would provide a “shopping buddy” who would accompany interested residents and provide assistance in making the purchase or hiring decision so no resident feels as though they have to shop alone.

Additionally, the CSCs would have staff or volunteers who would serve as advocates for victims who are available to provide a variety of potential functions including listening to their concerns, helping to navigate the reporting process, and recover from the incident by providing referrals to SvC, local police departments, lawyers, counselors, etc. For many respondents in our study, the complex and bureaucratic reporting process was stressful, frustrating, and caused high levels of anxiety. Advocates would play an integral role in the reporting and recovery process by assisting victims in determining where and how to report, whether it be to their financial institution, SvC, the local police department, the state Attorney General’s office, the Federal Trade Commission, etc. Figure 2 shows the role of the CSC advocate.

**Figure 2: Function of CSC advocates**



The CSCs should have volunteers onsite who would provide services free-of-charge to victims that would be determined by the advocate. For example, the volunteers may consist of lawyers seeking to provide pro bono legal aid, senior law school students, off-duty police officers, or graduate students in business/finance, psychology, social work, and criminology. Among the onsite services would be to provide counseling, advice, and if appropriate, mediation between victims and offenders.

The CSC victim services, guided by the advocate, could also include financial safety planning for victims who need an immediate recovery plan to regain control over their finances and ensure the victimization does not continue. For some individuals, the victimization may have exposed or highlighted a vulnerability that could be addressed by the financial safety planning to prevent any future incidents. Part of the financial safety planning services provided by the CSC may also include an emergency fund, maintained by donations, which would help victims who lost significant amounts of money. The fund would provide small amounts of money to help victims buy food or pay a month's rent, if necessary. Fundamental to the array services and functions of the CSC should be to educate and empower all residents of the retirement community in the effort to prevent and reduce the incidence and consequences of elder financial exploitation.

Of major importance to the responsiveness and effectiveness of the CSCs is the inclusion of an ongoing process evaluation of its operations. Given that the CSC recommendation is based upon the findings of the current study, the proposed services and strategies must be empirically validated by a process evaluation. Process evaluations provide comprehensive descriptions of the program's inputs, activities, immediate results, and long-term outcomes. Table 5 provides an

overview of the interrelated components of the CSCs that would be validated by the process evaluation. The incremental results of the process evaluation would be used to expand, change, terminate, and/or continuously improve the response and effectiveness of the CSCs. In sum, the comprehensive descriptions that emerge from the process evaluation would be used to better explain, predict, reduce, and prevent incidents of elder financial exploitation.

**Table 5: CSC Process Evaluation**

<b>CSC Process Evaluation for Continuous Improvement</b>			
<b>Inputs</b>	<b>Activities</b>	<b>Immediate Results</b>	<b>Outcomes</b>
<ul style="list-style-type: none"> <li>• CSC Facility</li> <li>• Board Members</li> <li>• Professional Staff</li> <li>• Community Volunteers</li> <li>• University Volunteers</li> <li>• Clients – Victims</li> </ul>	<ul style="list-style-type: none"> <li>• Direct Service</li> <li>• Referrals</li> <li>• Support Groups</li> <li>• Education</li> <li>• Outreach</li> <li>• Advocacy</li> <li>• Safety Planning</li> <li>• Service Provider Recommendations</li> <li>• Hotline</li> <li>• Shopping Buddy Program</li> </ul>	<ul style="list-style-type: none"> <li>• Citizens Educated</li> <li>• Funds Recovered</li> <li>• Cases Resolved</li> <li>• Victim Satisfaction</li> <li>• Increased Reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Increased Citizen Resilience Against Exploitation</li> <li>• Reduction in Elder Exploitation Attempts</li> <li>• Reduction Citizen Fear/Concern of Exploitation Attempts</li> </ul>

## Next Steps

As the United States elder population continues to grow disproportionate to the general population, the problem of elder abuse and financial exploitation will likely become more pronounced. Given the importance and timeliness of these research findings, we plan to implement a named Institute for Research and Policy on Elder Abuse and Financial Exploitation that will be housed in the Florida State University (FSU) College of Criminology and Criminal Justice's Center for Criminology and Public Policy Research. The Institute will focus upon research, policy, and outreach both in Florida and nationally. The Institute's research of elder financial exploitation will include a series of projects aimed at better understanding elder abuse

and financial exploitation both within retirement communities and for elders living among the general population. First, we plan to validate our findings in other retirement communities. It is important to determine if the prevalence and circumstances of elder financial exploitation in this retirement community are unique or if similar patterns exist in other retirement communities. Second, a large national survey of elder citizens is essential to understanding the national prevalence of financial exploitation, the risk factors, protective factors, and drawing comparisons between retirement community and nonretirement community residents. While the national surveys used in the study are informative, they lack information on the circumstances surrounding a number of different forms exploitation and its aftermath. Further, these prior studies focus on respondents of all age groups. The results of this study indicate that there are unique aspects to the lives of seniors that increase the risk of financial exploitation. By focusing on all age groups, these surveys often ignore the unique life course risk factors experienced by seniors that increase the likelihood of victimization.

In addition to these research efforts, the Institute will work directly with state and local policymakers, financial institutions, and retirement community developers with efforts to enact evidence-based policies and practices related to the prevention and reduction of elder abuse and financial exploitation. Further, the Institute will plan and conduct outreach, education, and media efforts that will communicate research findings and evidence-based policies and practices directly with elderly American citizens and their support systems.

### **Research Brought to Life**

The mission of the FSU College of Criminology and Criminal Justice is to bring research to life. Presenting timely and relevant research to policymakers, practitioners, and the public is of



fundamental importance to researchers in the College. We have disseminated our research findings on elder financial exploitation to numerous individuals and organizations thus far. We plan to continue doing so through the Institute for Research and Policy on Elder Abuse and Financial Exploitation. We have presented our findings on elder financial exploitation to researchers and practitioners at two annual meetings of the American Society of Criminology, one meeting of the Law and Society Association, and one meeting of the National Council on Family Relations. In April 2016 we shared our research findings with Florida Senators Joe Negron, Bill Montford, Oscar Braynon, Anitere Flores, and Lizbeth Benaquisto during their visit to the FSU College of Criminology and Criminal Justice. We also presented our research at two well-attended functions for Florida State University alumni and the alumni board of directors. In April 2016, Dr. Thomas G. Blomberg was the featured presenter at the monthly Property Owners' Association meeting. Dr. Blomberg discussed the findings from our project and answered questions from residents. In August 2016, the researchers were invited to share our findings and recommendations with the St. Joe Company in WaterSound, Florida. The St. Joe Company is developing a large retirement community with over 170,000 housing units in the Florida Panhandle.

Throughout our study we have been in contact with the White House Office of Science and Technology for their Conference on Aging, the Florida Attorney General's Office, the Chief Financial Officer of Florida's office, and FINRA. We plan to share our final report with each of the above-mentioned agencies as well as POA and developers. We also plan a broad media campaign to share our research findings and recommendations with the American public.